

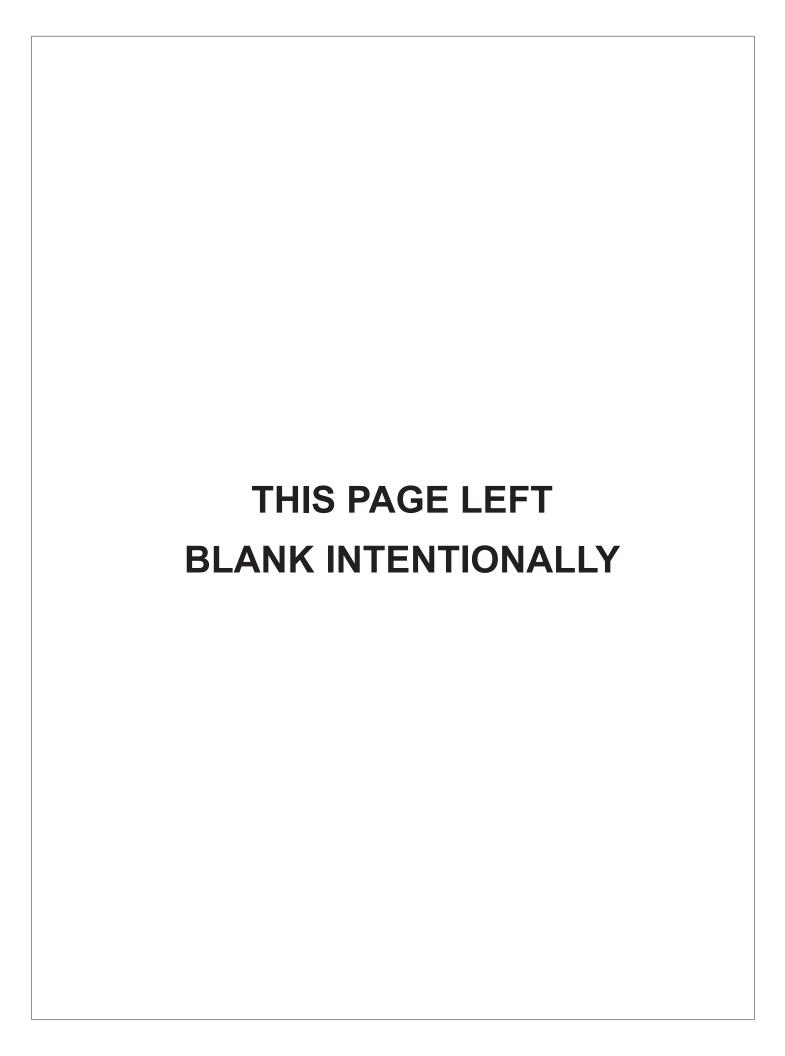
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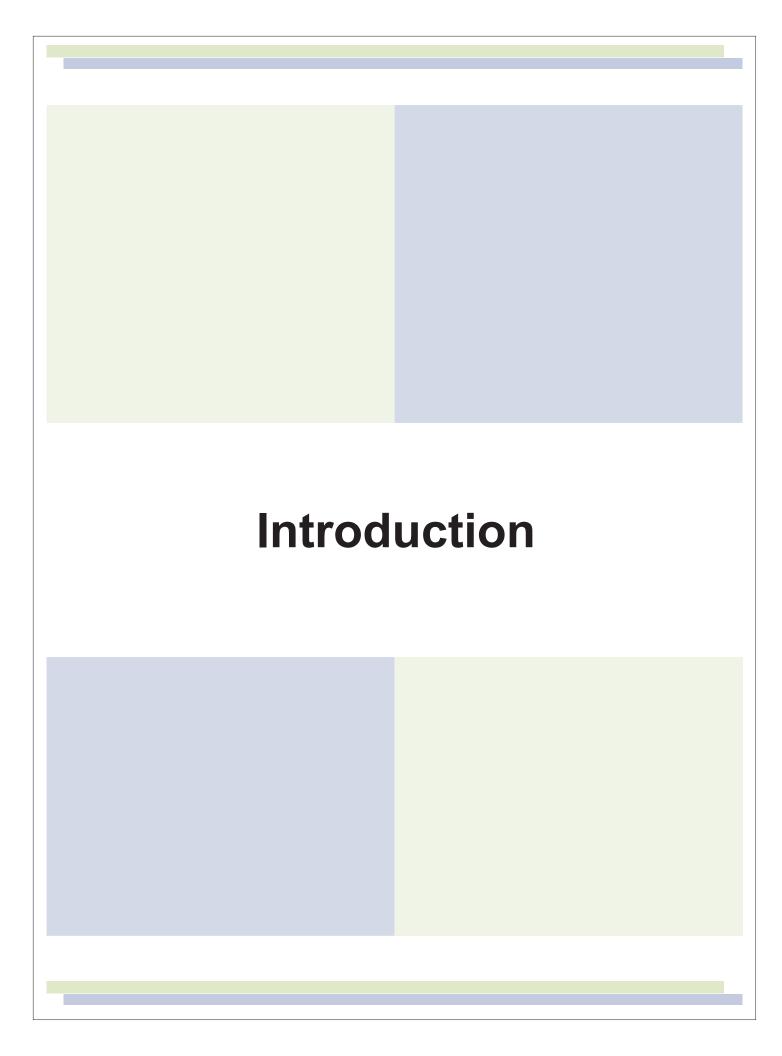


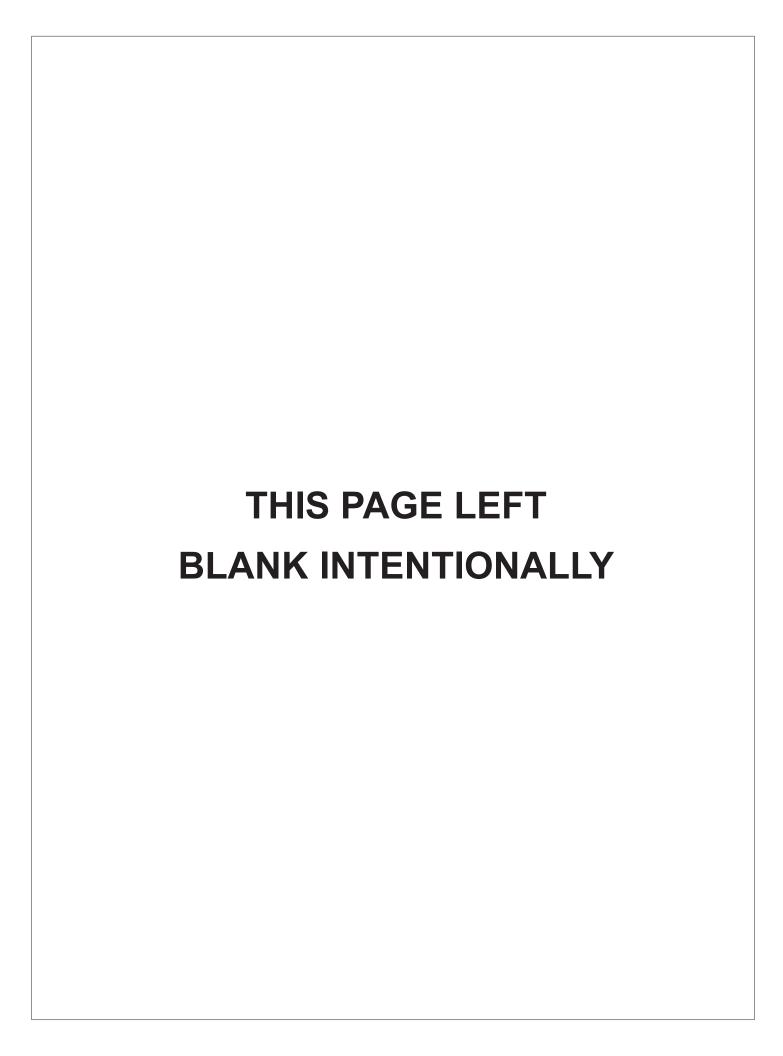


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# Annual Report Executive Summary

ur Court overcame severe budget challenges in 2002 and continued its pursuit of excellence in the administration of justice. In spite of continued funding reductions, our Court moved forward with improved procedures for processing chapter 11 and 13 cases, along with key projects in the areas of automation and human resources management. Highlights of our Court's accomplishments in 2002 include:

#### Judge Barry Russell Appointed Chief Judge of the Bankruptcy Court

Following the completion of two three-year terms as Chief Judge of the Bankruptcy Court by Judge Geraldine Mund, Judge Barry Russell became the Chief Bankruptcy Judge, effective January 1, 2003. Judge Russell has served as a bankruptcy judge for the Central District since 1974.

#### Introduction of eFile Pilot Marks New Advance in Customer Service

In February 2002, the Court introduced eFile, a pilot system for accepting electronically filed court documents. Developed by the Clerk's Office, this user-friendly system saves staff labor by eliminating redundant operational processes through its integration with existing cashiering, docketing, calendaring, online case files, and order generation systems.

#### Court Achieves Outstanding National Ranking for Third Year

For the third year in a row, the Bankruptcy Court achieved an outstanding rank nationally in case processing efficiency. In statistics published by the Administrative Office, the Court achieved a rank of third or better in every quarter of 2002. This consistently excellent performance cements a remarkable turnaround that began in 1993, when the Court ranked 87 out of 90 districts in the nation.

#### Peter H. Carroll Appointed as Bankruptcy Judge

Peter H. Carroll received an appointment to serve as a bankruptcy judge for the Central District of California, effective August 1, 2002. Judge Carroll fills the vacancy created by the retirement of Judge Lynne Riddle and maintains his chambers in the Riverside Division.

#### **Court Implements Uniform Chapter 11 Procedures**

The Court implemented uniform procedures for the administration of chapter 11 cases on April 17, 2002. The new procedures are designed to increase uniformity in the administration of chapter 11 cases within the district and provide concise parameters for motions and other issues of importance in chapter 11 cases. The local bar associations provided extensive input in the development of the new procedures.

- The Court developed a disclosure agreement, which outlines the duties a debtor and his or her attorney agree to perform in a chapter 13 case, called the *Rights and Responsibilities Agreement* (RARA). Once the RARA has been signed by the debtor and his or her attorney, the attorney becomes eligible for fees up to a set amount without individual Court approval.
- Judge Ryan Assumes Role as Presiding Judge of Bankruptcy Appellate Panel
  On January 1, 2002, Judge John E. Ryan assumed the role of presiding judge of
  the Ninth Circuit's Bankruptcy Appellate Panel (BAP), succeeding Judge Barry
  Russell.

#### Six Judges Reappointed

The following six judges were reappointmented to the Bankruptcy Court for the Central District of California: Judges Arthur M. Greenwald, Robin L. Riblet, Kathleen T. Lax, Alan M. Ahart, Vincent P. Zurzolo, and Mitchel R. Goldberg. Also, Judge Kathleen P. March returned to private practice.

■ Clerk's Office Implements Sweeping New Human Resources System

The Clerk's Office implemented a new competency-based human resources system known as  $A \ Red \ P$  (Alignment of the Court's Recruitment, Evaluation, Development, and Performance of employees). Developed by the Clerk's Office in cooperation with the Office of Personnel Management,  $A \ Red \ P$  defines both the general and technical competencies for each position, integrating them into processes for recruitment, training, and performance evaluation. This benefits staff by providing specific expectations and increasing promotional opportunities, resulting in a more highly skilled workforce for the Court.

■ Clerk's Office Sustains Substantial Budget Reduction

As the result of a significant across-the-board budget cuts, the Court experienced a substantial budget shortfall. Expected to become a permanent fixture of future budgets, this budget cut required the Court to involuntarily separate 24 members of the Clerk's Office staff.

The Los Angeles Division spearheaded a pilot program known as the "Required Education for Debtors" (RED) that was designed to help chapter 13 *pro se* debtors succeed in the bankruptcy process. RED expands upon the *pro bono* programs, developed in cooperation with the local legal community, that are already in place in all five divisions and serve the relatively high number of *pro se* debtors in this district. In addition to the newly enacted RED, the *pro bono* programs address reaffirmation agreements and non-dischargeability proceedings.

#### ■ Court Migrates to Lotus Notes E-Mail System

To comply with the judiciary's e-mail software upgrade to a national court standard, the Bankruptcy Court completed the migration of its e-mail system from the old *cc:Mail* system to Lotus Notes on March 7, 2002. The Lotus Notes system enables faster e-mail delivery from outside the district, routes e-mail directly to and from the recipient (rather than through hubs), and offers a variety of features not available in *cc:Mail*.

#### ■ Court Continues to Enhance Case Management Automation

The Clerk's Office continued to enhance its case management automation during 2002 in the areas of case closing, new petition screening and case assignment, quality control, and the production of statistics.

#### ■ District-Wide Network Upgraded

As part of a national migration by the Judiciary, the Court completed a project to upgrade its district-wide network to a frame relay network standard. The new standard improves communication and Internet access within the Court. Future upgrades and expansions will be less costly and will provide the Court with an improved growth path for the Judiciary's wide-area network.

#### ■ High Profile Cases Filed During 2002

Several high profile bankruptcy cases were filed during 2002. With assets estimated in excess of \$231 million, Daewoo Motor America, Inc. filed a chapter 11 case in the Los Angeles Division (LA-02-24411). This was the first high profile chapter 11 case to be filed under the Court's new chapter 11 procedures. Consolidated Freightways Corporation of Delaware filed five related chapter 11 cases at the Riverside Division (consolidated under RS-02-24284). The corporation has approximately 300,000 creditors with estimated assets of over \$852 million.

#### ■ Court Automates High Volume of Case Reassignments

During 2002, changes in judicial workloads necessitated the transfer of the caseloads of five judges in the district by the Clerk's Office. Using a program developed by technical staff, in conjunction with operations, cases and adversaries were automatically selected for reassignment and the dockets were successfully updated with no need for human intervention, except for quality control.

#### Revision of Fiscal Manual and Intake Cashiering System Manual Completed

In its first major revision since 1994, the Clerk's Office completed a project to update and expand both the *Fiscal Manual* and the accompanying *Intake Cashiering System Manual*. Through a process that involved all five divisions, "best practices" were agreed upon, resulting in standardized procedures that facilitate training and support amongst divisions.

#### ■ Court's Mediation Program Largest of Its Type in Nation

Introduced in 1995, the Bankruptcy Court's Bankruptcy Mediation Program is believed to be the largest program of its type in the nation. Since its inception and through December 31, 2002, over 2,500 matters have been assigned to the program. Through this program, parties can resolve their disputes more quickly, at less cost, and often without the stress and pressure associated with litigation. The overall success of the program is demonstrated by responses to the participant satisfaction survey in which 93% of the respondents stated they would use the program again.

#### ■ New Deputies-in-Charge Appointed for the Los Angeles and Riverside Divisions

On May 6, 2002, Dennis Tibayan and Chris Lippens were appointed as the Deputies-in-Charge of the Los Angeles and Riverside divisions, respectively. Their appointments were the result of the retirements of Velma Clayter in Los Angeles, after 33 years of service, and Victoria McMurray in Riverside, after 41 years of service. Mr. Tibayan and Mr. Lippens each have over 10 years of experience with the Court and have worked in various managerial positions.

#### ■ District-Wide Audit Completed

During the second quarter, the Administrative Offices's Office of Audit conducted a district-wide audit of the Court; and the final report was issued in the third quarter. The Court's financial statements were found to be accurately prepared, and no material weaknesses in the Court's internal control procedures were found.

#### ■ Court Upgrades Video Conference Sound Systems

The Court upgraded sound systems in all video-conferencing courtrooms throughout the district with ASPI EF600 units. Replacing the older Gentner systems, the new ASPI sound systems use digital echo canceling technology to reduce feedback and automatically adjust sound volumes.

## MISSION OF THE COURT

The mission of the United States Bankruptcy Court for the Central District of California is to serve the public by:

- Resolving matters referred to the Court in a just, efficient, and timely manner
- Supplying prompt and accurate information
- Responding fairly and courteously to the needs of the entire community
- Providing leadership in the administration of justice in the bankruptcy system

In fulfilling our mission, the Court recognizes the importance of:

- Demonstrating respect for the dramatic impact that bankruptcy has on the lives of our customers
- Instilling confidence in the competence, impartiality, and ethics of the entire Court

### The Bankruptcy Judges of the Central District of California

# PHOTO NOT AVAILABLE FOR PUBLIC VIEWING

Top Row (From Left):

Alan M. Ahart, Arthur M. Greenwald, Ernest M. Robles, David N. Naugle, John E. Ryan,

Vincent P. Zurzolo

Center Row (From Left):

Barry Russell, Mitchel R. Goldberg, Robert W. Alberts, Lynn Riddle (Retired), Kathleen P. March,\*

Thomas B. Donovan, Samuel L. Bufford, James N. Barr

Front Row (From Left):

Meredith A. Jury, Ellen Carroll, Erithe A. Smith, Geraldine Mund (Chief Judge), Robin L. Riblet,

Lisa Hill Fenning (Resigned), Kathleen T. Lax

Not Pictured:

Sheri Bluebond, Peter H. Carroll

\*Term of office concluded on November 9, 2002.

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